

Questions and Answers About Paying Your Sales, Use, Withholding and Single Business Taxes by Electronic Funds Transfer (EFT)

1. What is the difference between EFT credit and EFT debit?

In an EFT credit transaction, the taxpayer contacts its bank to initiate a transaction debiting its bank account and transferring the funds to the State's account for the amount due. An EFT debit transaction is similar to the EFT credit transaction, except the taxpayer notifies the State (or the State's contractor). The State, through its bank, then initiates the transaction through the EFT network to debit (withdraw funds from) the taxpayer's account.

2. Which taxes may be paid by EFT and how often should I file?

At this time, Michigan Sales, Use, and Withholding taxes as well as Single Business Tax Estimated and annual payments can be paid electronically. If you currently file quarterly or annually for Sales, Use and Withholding taxes, **you may file EFT only if you change your filing status to MONTHLY.**

NOTE: *The exception is Accelerated Sales, Use and Withholding tax accounts. These accounts pay more frequently than monthly.*

3. If I change banks who do I need to notify?

EFT Credit filers supply your new bank with the *Instructions for Payments of Michigan Sales, Use or Withholding Taxes Using EFT Credits* (Form 2329). We recommend your new bank do a test transmission.

EFT Debit filers complete and return *Notice of Addition or Change of Tax Types/Bank Change* (Form 2439).

4. Are my payments still due on the 15th?

Yes. The banking industry's EFT system requires a minimum of one business day to operate. Tax payments remitted electronically must arrive in the State Treasurer's bank account no later than the day the tax is due. Therefore, to meet this deadline, EFT payments must be initiated no later than the day before the due date.

5. What if the due date falls on a weekend or holiday?

If the due date falls on a weekend or state holiday, the due date is the next business day. However, if a banking holiday (that is not a state holiday) falls on the due date, the due date becomes the previous business day. This means that you will need to contact your bank at least **two** days before the due date to initiate the transaction.

NOTE: *For a listing of specific state holidays, please refer to Due Dates for Accounts Administered by Return Processing Division (Form 3149).*

6. What if no tax is due?

A zero transmission must be sent for each type of tax that you registered for (this does not apply to Single Business Taxes). EFT credit filers may not be able to transmit a zero. Check with your bank. If you cannot transmit zero, transmit \$0.01 and subtract the credit from your next transmission.

7. When can I begin paying by EFT?

For EFT Debit you must first complete and return the *Application for EFT Debit* (Form 2248). You will receive transmission instructions along with your usercode and password from our contractor.

For EFT Credit, you must first complete and return the *Application for EFT Credit* (Form 2328). Then you will be notified to send a test transaction (a zero dollar transmission, correctly formatted). After a successful test you will receive written approval and you may begin paying by EFT.

NOTE: *The Corporate Officer Certification on Forms 2248 or 2328 must be completed by the officer responsible for filing and paying Michigan Sales, Use and Withholding Taxes or your application will not be processed.*

8. What if I pay more than one type of tax?

A separate transmission **must** be made for each type of tax you are paying. You may not combine sales and use tax payments into one lump sum transmission. A five-character tax code is used to identify

the tax type. These tax types and codes are listed below (and in the formatted instructions).

01100	Withholding
02100	Single Business Tax Estimate
02671	Single Business Tax Annual
04200	Sales Tax
04400	Use Tax on Sales & Rentals
04500	Use Tax on Purchases

9. Am I still required to file a monthly paper return when I am transmitting my payment by EFT?

No. Once you begin to transmit electronically you no longer file monthly returns nor submit your monthly figures. The **only** return required is the *Annual Return for Sales, Use and Withholding Taxes* (Form 165) due February 28th each year.

You may elect to remit your single business tax estimate by EFT along with your sales, use and withholding tax. If you do this, do not file an *Estimated Quarterly Payment for Single Business Tax* (Form C-8002). However, you must file your *Single Business Tax Annual Return* (Form C-8000 or C-8044) by the due date and pay any additional tax due.

10. If I am unable to complete an EFT credit transaction, can I send my payment by wire transfer?

No. Wire transfers are not approved methods for tax payments.

If your bank is unable to process EFT credit transactions to the State's bank (i.e. due to an equipment failure) for two days or less, you can hold your payment until the bank corrects the problem. When this happens, send a written explanation specifying the nature and duration of the problem to the address at the right. Give the specific dates. If your bank is unable to process EFT credit transactions for more than two days, call the EFT Unit at (517) 636-4350 for instructions.

This applies to processing problems at your bank only. Equipment failures at your worksite or between your worksite and your bank are not automatically considered reasonable cause for late filing.

11. Can I send a check and return?

No. Once you have started filing by EFT a check and return should not be sent. If a check and return

is received your account filing status could be changed. If you decide to no longer file by EFT please notify us.

12. How is the discount on sales and use tax taken?

When making transmissions of sales tax and use tax on sales and rentals, reduce your payment by the amount of discount you are claiming. Indicate on your annual return the total discounts taken. If your payment is received by the 7th of the month, the total discount allowed is 3/4 of 1% (.0075). Payments received by the 15th of the month are allowed a discount of 1/2 of 1% (.005).

To take your discount on sales tax paid to the Secretary of State, file the *Vehicle Dealer Supplemental Report* (Form 92) as usual.

NOTE: *Taxpayers required to file sales and use tax on an accelerated schedule are limited to a discount of 1/2 of 1%.*

13. How are gas credits filed?

The *Gasoline Retailer Supplemental Report* (Form 2189) and *Gasoline Supplier and Wholesale Distributor Prepaid Sales Tax Report* (Form 429) should be filed as usual.

14. What are the due dates for Single Business Tax payments?

Monthly payments are due 15 days after the end of the return period. Quarterly payments are due on the last day of the month following the end of the quarter. Annual payments are due on or before the last day of the 4th month after the end of your tax year. For more information, contact the Single Business Tax Section at (517) 636-4700.

If you have questions concerning your account, call the EFT Unit at (517) 636-4730. For questions concerning completion of the application or transmission of EFT payments, call (517) 636-4350. You may send a fax to (517) 636-4356 or send correspondence to:

**EFT Unit
Sales, Use and Withholding Taxes
Michigan Department of Treasury
Lansing, MI 48909**